

ARCHIMED Report on Principle Adverse Impacts (PAIs)

Information pursuant to Article 4 Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to Regulatory Technical Standards (RTS)

A) Summary

The investment Funds managed by ARCHIMED are classified as follows under the European Sustainable Finance Disclosure Regulation (SFDR):

- MED I, MED II, and MED Platform I (MP I) are classified under Article 8 and thus, investments in these funds seek to promote environmental and social characteristics among others.
- MED III is classified under Article 8 and thus promotes environmental and social characteristics amongst others, but also goes beyond by having a significant part of the fund pursue a social sustainable investment objective in line with the investment strategy of an Article 9 fund (marketed as Article 8+; a category emerging from market practice).
- MED Platform II (MP II) is classified under Article 9 and as such it pursues a social sustainable investment objective, namely ARCHIMED's Health Objectives, alongside financial objectives.

Principal adverse impacts on sustainability factors (PAIs) are systematically considered pre-investment through ARCHIMED's Internal Sustainability Tool, as well as further ESG due diligence conducted by external experts. Post-investment, the material PAIs are monitored on a quarterly basis together with a list of ESG material topics at the board level of portfolio companies, and on an annual basis through data collection of ESG & Impact indicators, inclusive of the PAIs.

This PAI Statement covers the reference period from 1st January to 31st December 2023. ARCHIMED considers the PAIs of its investment decisions on environmental, social and employee matters, respect for human rights, anti-corruption and anti-bribery matters in the manner prescribed by the SFDR and Delegated Regulations. In addition to the mandatory PAIs, two additional PAIs have been considered: 1) 2.4 "Investments in companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement"; and 2) 3.1 "Share of investments in investee companies without workplace accident prevention policies".

B) Description of policies to identify and prioritize principal adverse impacts on sustainability factors

Management and monitoring of principle adverse impacts during the due diligence process

During the due diligence process, the investment teams use our internal sustainability tool, containing a list of potential adverse impacts the company can have on sustainability factors, which includes all the principal adverse impacts as per this regulation, along with several other adverse environmental, social, and governance impacts. Comprehensive due diligence is carried out by external consultants and industry experts for all new investments, including an analysis of the availability of data for the PAIs and whether there are any risks to the specific PAIs. The results of this first assessment are presented in the investment committee paper to inform investment decision. An impact referent is appointed for all-new investment targets, they drive internal action to identify and reduce PAIs, and to monitor all potential adverse impacts. The adverse sustainability impacts are systematically analyzed, documented, and presented to the Investment committee as early as possible to inform and guide the investment decision.

Management and monitoring of principal adverse impacts during the holding process

ARCHIMED Investment team and the Sustainability and Impact team engage with portfolio companies to help them reduce the adverse impacts on sustainability factors of their business activities all through the holding period. Post-investment, a Sustainability Roadmap is developed within 100 days of closing for each new portfolio company, with the help of external consultants and initiatives are set to limit and monitor its potential adverse sustainability impacts. Progress against the roadmap is assessed regularly during board meetings of investee companies and reviewed annually with support from the Sustainability and Impact team. ARCHIMED's oversight continues through quarterly portfolio review meetings, and through a comprehensive annual ESG reporting campaign that includes all PAIs, which allow us to report to our investors regularly on PAIs and their integration at portfolio level. In 2023, ARCHIMED identified its most material topics across funds, labeling them as 'ESG Essentials', which include some of the PAIs. The responsible investment approach of ARCHIMED uses the targets of the U.N. Sustainable Investment Goals as well as

other internationally recognized standards for ESG and impact assessment, due diligence, and reporting, and is framed around the six principles of the PRI.

C) Engagement Policies

ARCHIMED is committed to fully exercising its responsibility as a shareholder by investing with a long-term outlook and analyzing unlisted companies in detail, with the aim of creating value. To this end, the managers analyze the economic and financial performance of the companies in which they invest, paying particular attention to good governance practices, as well as their social and environmental footprint. Our engagement strategy covers the entire portfolio of companies and reinforces the systematic integration of an ESG lens throughout the investment process. During the due diligence phase, an ESG review is conducted alongside financial, legal and tax due diligence, and it includes a thorough ESG risk and opportunity assessment. During the investment phase, the Sustainability Roadmap, developed within 100 days of closing, is an official requirement as part of the post-completion action plan and progress against it is monitored regularly by the investment team and a formal follow-up review process is scheduled annually with the Sustainability and Impact team. The ARCHIMED team systematically takes multiple board seats with portfolio companies and therefore can influence, review sustainability, impact and ESG progress directly. Dialogue with portfolio companies concerning ESG topics is structured through governance bodies, such as the board, working groups, and ad-hoc requests, whereby the ARCHIMED team continuously supports and engages with portfolio management to advance progress on their sustainability objectives. The portfolio is reviewed each month by the investment committee and ARCHIMED partners during the Monthly ARCHIMED Meetings (MAM) based on monthly reports provided by each portfolio company, which include key events and progress on sustainability topics as well as areas for further improvement. Please refer to [ARCHIMED's Engagement Policy](#).

D) References to international standards

- United Nations Principles for Responsible Investment (UN PRI): ARCHIMED has been a signatory since 2018, illustrating our long-standing commitment to responsible investment.
- United Nations Development Goals (UN SDGs): the SDGs have been used as the foundation for our Responsible Investment Policy.
- Initiative Climat International (iCI): ARCHIMED has been a signatory since 2022 and our Climate Policy will set a carbon reduction strategy aligned with the Paris Agreement's objectives.
- Five Dimensions of Impact (f.k.a. Impact Management Project (IMP): is the impact assessment framework utilized as the base of the positive screening analysis we carry out systematically during the pre-investment stage.
- Sustainability Accounting Standards Board (SASB): as part of our annual ESG Reporting Campaign, we collect and report on healthcare-specific SASB indicators across our portfolio.
- France Invest: ARCHIMED has been an active member of the Sustainability Commission GT1 Climate, a working group whose mission is to promote climate strategy within the private equity realm.
- World Health Organization (WHO): ARCHIMED systematically follows its guidance and resources for assessing investment opportunities and developing position statements on specific healthcare topics.

E) Description of the principal adverse impacts (period: 1st January – 31st December 2023)

PAI Indicator	Metric	ARCHIMED	ARCHIMED	Explanation & Actions Taken
		Portfolio Impact 2023	Portfolio Impact 2022	
includes MED I, MED II, MED III, MED Platform I, MED Platform II				
1. GHG emissions	PAI 1.1 - Scope 1 GHG emissions	4,115 tCO ₂ e	3,214.73 tCO ₂ e	In 2023, ARCHIMED completed the acquisitions of three companies (Instem, Symbio, and Proinnovera), as well as several add-on acquisitions for existing investments. Our portfolio growth naturally has an impact on our portfolio emissions, which have increased twofold this year. To date, 11 portfolio companies have conducted a carbon footprint assessment across the three scopes in line with the GHG Protocol, and 7 more are conducting it in 2024. As a result, the accuracy and quality of our portfolio carbon data will continue to improve as more precise, and less proxy data is used for the calculation. Also, we are working towards setting a climate strategy for our
	PAI 1.1 - Scope 2 GHG emissions	27,551 tCO ₂ e	2,114.51 tCO ₂ e	
	PAI 1.1 - Scope 3 GHG emissions	181,068 tCO ₂ e	98,605.22 tCO ₂ e	
	PAI 1.1 - Total GHG emissions	212,734 tCO ₂ e	103,934.46 tCO ₂ e	
2. Carbon footprint	PAI 1.2. - Carbon footprint	61.2 tCO ₂ e / €M invested	34.66 tCO ₂ e / €M invested	
3. GHG intensity of investee companies	PAI 1.3 - GHG intensity of investee companies	151 tCO ₂ e / €M revenue	66.12 tCO ₂ e / €M revenue	

				portfolio financed emissions, which includes decarbonization action plans and targets aligned with the Paris Agreement.
4. Exposure to companies active in the fossil fuel sector	PAI 1.4 - Share of investments in companies active in the fossil fuel sector	0%	0%	ARCHIMED invests exclusively in the healthcare sector and thus has no exposure to fossil fuel companies. Investment activity in this sector is officially prohibited as per ARCHIMED's exclusion list criteria.
5. Share of non-renewable energy consumption and production	PAI 1.5 - Share of non-renewable energy consumption and non-renewable energy production of investee companies from non-renewable energy sources compared to renewable energy sources, expressed as a percentage of total energy sources	62%	73%	In 2023, a larger portion of our portfolio transitioned to using more renewable sources in their energy mix compared to 2022. This figure is also driven by increasing energy production initiatives on site. ARCHIMED supports portfolio companies in the implementation of energy efficiency initiatives and switching to cleaner energy sources, where feasible. Also, we encourage portfolio companies to install infrastructure for renewable energy production, such as solar panels, where their sites are owned or during the construction of new buildings. Some recent examples include DIESSE, SUANFARMA, and PlasmidFactory.
6. Energy consumption intensity per high-impact climate sector	PAI 1.6 - Energy consumption in GWh per million EUR of revenue of investee companies, per high-impact climate sector	0.06 GWh/€M	0 GWh/€M	Over half of our portfolio is engaged in industrial or manufacturing activities within the healthcare sector which as per our 2023 assessment could be considered within the scope of "high climate impact Sector C" in terms of energy consumption intensity. As mentioned above, ARCHIMED seeks to support portfolio companies in optimizing their resource consumption by promoting various energy efficiency initiatives.
7. Activities negatively affecting biodiversity-sensitive areas	PAI 1.7 - Share of investments in investee companies with sites/operations located in or near to biodiversity-sensitive areas where activities of those investee companies negatively affect those areas	2.74%	0%	2 portfolio companies, WiQo and Corealis, have sites located near biodiversity-sensitive areas as identified during 2023. Both companies comply with applicable regulatory obligations, including for waste and water management, to support environmental preservation and the protected species. In 2025, ARCHIMED plans to perform an analysis of the portfolio's biodiversity footprint and exposure to associated risks.
8. Emissions to water	PAI 1.8 - Tonnes of emissions to water generated by investee companies per million EUR invested, expressed as a weighted average	0.07	0.44	Only 1 portfolio company, SUANFARMA, generated emissions to water which were reduced in 2023 as more efficient processes were implemented to mitigate the risk of discharging water pollutants from API manufacturing.
9. Hazardous waste and radioactive waste ratio	PAI 1.9 - Tonnes of hazardous waste and radioactive waste generated by investee companies per million EUR invested, expressed as a weighted average	0.82	1.0	Over half of our portfolio produces waste that could be classified as hazardous, primarily pharmaceutical, biological, or electronic waste. All companies concerned have specialized procedures in place for hazardous waste handling and disposal in compliance with relevant regulations and some have introduced initiatives seeking to replace or reduce the quantity of hazardous materials used and thus reduce waste. In 2024-2025, ARCHIMED aims to accelerate eco-design efforts within the portfolio, which would also seek to optimize product disposal and end-of-life management.
10. Violations of UN Global Compact principles and Organisation for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises	PAI 1.10 - Share of investments in investee companies that have been involved in violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	0%	0%	ARCHIMED recognizes respect for business ethics as a priority topic and engages with the portfolio to ensure ethical guidelines are enforced and that any potential deviations are reported and rectified promptly. In 2023, there were no such incidents or violations across the portfolio. As of 2023, 72% of our portfolio companies have a formalized Code of Ethics in place and 56% have implemented a whistleblowing or grievance mechanism. In 2024-2025, ARCHIMED aims to assess the feasibility of the entity and its portfolio companies formally committing to the UNGC principles.
11. Lack of processes and compliance mechanisms to monitor compliance with UN Global Compact principles and OECD Guidelines for Multinational Enterprises	PAI 1.11 - Share of investments in investee companies without policies to monitor compliance with the UNGC principles or OECD Guidelines for Multinational Enterprises or grievance /complaints handling mechanisms to address violations of the UNGC principles or OECD Guidelines for Multinational Enterprises	39%	75%	

12. Unadjusted gender pay gap	PAI 1.12 - Average unadjusted gender pay gap of investee companies	18%	16%	Around half of the portfolio has Diversity, Equity & Inclusion (DEI) commitments or initiatives in place, including the assessment of the gender pay gap and relevant actions to foster female representation across organizational levels and especially promote women in senior leadership or board positions. In particular, the challenge of recruiting female talent in senior scientific roles is a recognized problem within some of the industries in which our companies operate and thus we support them in building a fair and inclusive culture.
13. Board gender diversity	PAI 1.13 - Average ratio of female to male board members in investee companies, expressed as a percentage of all board members	9.8%	8%	
14. Exposure to controversial weapons (anti-personnel mines, cluster munitions, chemical weapons and biological weapons)	PAI 1.14 - Share of investments in investee companies involved in the manufacture or selling of controversial weapons	0%	0%	
Other indicators for principal adverse impacts on sustainability factors				
15. Investments in companies without carbon emission reduction initiatives	PAI 2.4 - Share of investments in investee companies without carbon emission reduction initiatives aimed at aligning with the Paris Agreement	96%	92%	To date, 11 portfolio companies have conducted a carbon footprint assessment across the three scopes in line with the GHG Protocol, and 7 more are conducting it in 2024. With the support of ARCHIMED and expert consultants, each of these companies has developed or is in the process of developing a decarbonization action plan outlining relevant carbon emissions reduction initiatives and targets. However, most companies have not yet launched initiatives that are fully aligned with the objectives of the Paris Agreement. As we are working towards setting a climate strategy for our portfolio financed emissions, we aim to actively engage with our portfolio to increase the proportion that commits to Paris-aligned climate targets.
16. Investments in companies without workplace accident prevention policies	PAI 3.1 - Share of investments in investee companies without a workplace accident prevention policy	20%	20%	Workplace health and safety is a highly material topic in the healthcare sector and for our portfolio as some companies operate laboratory or manufacturing facilities, which may expose employees to additional occupation hazards beyond that of a typical office environment. All our companies comply with regulatory obligations set out to ensure decent working conditions for employees and 80% have formalized policies in place, enforcing preventative and corrective measures for accidents or incidents.